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Acquisition

MANAGEMENT OF SERVICE CONTRACTS



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This Air Intelligence Agency (AIA) instruction implements AFPD 64-1, *The Contracting System*, by directing requirements for preparing and administering service contracts and AFI 63-124, *Performance-Based Service Contracts (PBSC)*, by developing and implementing the requirements of the Federal Acquisition Regulation (FAR) Part 37.6 (and applicable supplements) for performing acquisition planning, describing agency needs, acquiring services, and implementing performance-based service contracting. This instruction covers the procedures and standards that govern the management of service contracts within AIA, the Air Force Information Warfare Center (AFIWC), the Joint Information Operations Center (JIOC), AIA-supported units and subordinate units. This instruction applies to AIA AFIWC, AIA-supported units and subordinate units who prepare, manage, review, certify, approve, or execute contracts. The JIOC may use this instruction when preparing, managing, reviewing, certifying, or executing contracts. This instruction does not apply to AIA-gained Air National Guard or Air Force Reserves units. Do not supplement this instruction without the expressed approval of the Headquarters AIA Director of Logistics (HQ AIA/LG). Send AF Form 847, to HQ AIA/LG, Ensure that all records created as a result of the processes prescribed by this publication are according to AFMAN 37-139, *Records Disposition Schedule*.

1. Service Contract Management:

1.1. Overview. The objective of service contract management is the successful award and administration of a service contract that satisfies the customer's needs at fair and reasonable prices. It is fostered by ensuring the proper actions are taken on each process element throughout the acquisition, beginning with the requirement and ending with contract closeout. This publication deals primarily with developing contract requirements, working with the contract support office to get them on contract, and providing contract administration support, including surveillance and performance documentation, through the contract period. See paragraph 1.2. for staffing a service contract management office.

1.2. Air Intelligence Agency Contract Management Guidance:

1.2.1. Every AIA organization that submits contract requirements for intelligence support services needs to have a central point of contact to manage their contracts. Based on workload, this contract management office does not need to be a separate office and could be an additional duty. If you have an authorized office or you set up a point of contact separate office, its placement is expected to vary from organization to organization. In every case, the contract management function should have access to the unit's commander.

1.2.2. The responsibilities of contract management should include: reviewing, assembling, and submitting contract requirements packages to the supporting contracting office; performing technical evaluation of contractor proposals when requested; recommending negotiable points in the proposals; and supporting contract administration through performance surveillance, submittal review, and invoice processing.

1.2.3. If you set up a contract management function out of your own resources, it should have a journeyman level contracts manager and systems engineer. Journeyman level is considered GS-11, 12, and 13 for civilians; E-7, 8, and 9 for enlisted; or O-3 and 4 for officers. At least one individual should be of sufficient grade and experience to carry substantial weight in discussions with the requiring offices and the contracting office. Additional specialists may be designated as appropriate for the work being contracted. The contracts manager should be in the GS-11XX series or Air Force specialty code (AFSC) equivalents, and the systems engineer should be in the GS-8XX series or AFSC equivalents. All manning can be full- or part-time, as appropriate for the workload.

1.2.4. To ensure that contract management personnel are qualified to perform their duties, formal training is essential. Minimum training consists of attaining Acquisition Professional Development Program (APDP) Level II in the individual's specialty plus Air Force Phase I Quality Assurance Evaluator training. Additional training should include cross-functional courses in acquisition (APDP designation ACQ); business, cost estimating and financial management (APDP designations BCF or BFM); and contracting (APDP designation CON) series. Contract management personnel should attend annual Ethics training and be identified as acquisition personnel in their personnel systems.

2. Service Contracting Described:

2.1. Service Contracts. A service contract is a contract where a contractor performs one or more tasks, whether or not also providing supply end items. If the tasks are incidental to supplying the end items, the contract is usually not a service contract. An intelligence service contract is one that supports or assists the collection, analysis, dissemination or use of intelligence data.

2.1.1. A nonpersonal service contract is a contract where the contractor personnel providing the service are not subject to government supervision and control in the performance of the tasks.

2.1.2. A personal service contract is a contract where the contractor personnel appear like Government employees, i.e., the Government supervises contractor personnel during task performance. Personal service contracts do not convert contract employees into Government employees.

2.1.3. There are two special categories of services that are of interest to contract managers.

2.1.3.1. The federal government simply cannot legally contract for certain services. One category of such services is termed inherently governmental functions. Office of Federal Procurement Policy Letter 92-1 is the primary policy statement on these services. It states:

“As a matter of policy, an ‘inherently governmental function’ is a function that is so intimately related to the public interest as to mandate performance by Government employees. These functions include those activities that require either the exercise of discretion in applying Government authority or the making of value judgments in making decisions for the Government. Governmental functions normally fall into two categories:

- (1) the act of governing, i.e., the discretionary exercise of Government authority, and
- (2) monetary transactions and entitlements.”

FAR 7.503, FAR 37.102, and OMB Circular A-76 also contain important policy regarding inherently governmental functions.

2.1.3.2. Advisory and Assistance Services (A&AS) are services acquired by contract to support or improve organization policy development, decision making, management and administration; support program and, or project management and administration; provide management and support services for research and development activities; provide engineering and technical support services; or improve the effectiveness of management processes or procedures. Congress takes particular interest in the extent of A&AS contracts in each federal agency because much of this work could be, or was, done by federal employees. Specific administrative controls restrict contracting for these services. These controls are described in the Department of Defense (DoD) and United States Air Force policies for A&AS (DoDD 4205.2 and implementing guidance—currently in revision). The Directorate of Plans and Programs (HQ AIA/XP) is the staff focal point for A&AS policy and compliance for AIA units and supported activities. Very generally, A&AS contract requirements must be supported by an approved Determination and Decision Document (DDD) that contains a description of the services and an estimate of the costs and man years of contractor effort. The approval authority for requirements over \$250,000 is an senior executive service (SES) manager or a general officer or flag officer in the activity that has the contract requirement. Each activity may have different designations and processes for preparing DDDs and obtaining approvals. The approved DDD is included in the requirements package that is submitted to the contract support office. Annually, in the summer—usually the 4th quarter of the fiscal year, each activity using A&AS contracts will report the dollar and manning figures to AIA/XP upon request. A&AS services include:

2.1.3.2.1. Management and professional support services that provide assistance, advice, or training for the efficient and effective management and operation of organizations, activities, or systems.

2.1.3.2.2. Studies, analyses, and evaluations that provide organized, analytical assessments, and evaluations in support of policy development, decision-making, management, or administration.

2.1.3.2.3. Engineering and Technical Services used to support the program office during the acquisition cycle by providing services such as systems engineering and technical direction to ensure the effective operation and maintenance of a weapon system as defined in OMB Circular No. A-109; or, to provide direct support of a weapon system that is essential to research development, production, operation, or maintenance of the system.

3. Performance Based Service Contracting (PBSC).

3.1. Performance-Based Service Contracting Described. PBSC is the process of contracting for what is to be provided (the results) as opposed to contracting how a contractor is required to do the work (the processes or personnel).

3.1.1. AFI 63-124 is the primary guidance for PBSC. AIA units will implement AFI 63-124 in developing their requirements, statements of work, and managing their service contracts. This instruction can be supplemented by MAJCOMs. Check whether or not the MAJCOM that owns your contract support office has supplemented the AFI to establish different rules or procedures.

3.1.2. FAR 37.602-2, FAR 46.105, and AFI 63-124 make it mandatory for the contractor to have a quality control system. This means that the contractor is responsible for monitoring the task performance and making necessary corrections to ensure that the performance is meeting standards. The government sets the applicable standards in the contract or task order—in the statement of work, the service delivery summary, the quality assurance surveillance plan (QASP), or preferably, all.

3.1.3. PBSC is results and products oriented, not focused on manpower or hours of effort. It depends, at the most basic level, on the contract statement of work (SOW) or statement of objectives (SOO) describing the desired and required outcomes of the service tasks. References for how to develop performance based SOWs and SOOs are listed in attachment 1.

3.2. Source Selection. Typically, PBSC requirements are subject to full and open competition for contract placement. This means that the requiring activity will likely be involved in a source selection. Basic source selection policy is set forth in FAR 15.3. Air Force and some MAJCOMs have supplemented the FAR policy to specify procedures. Contracting officers must, normally, follow the procedures of their owning MAJCOM in order to maintain the legal authority to award contracts. Other MAJCOM procedures affecting source selections and contract placement are Acquisition Strategy Panel (ASP), and formal or written acquisition planning. AIA contract management personnel should adapt their processes, as far as possible and legally required, to the procedures of the contract support office. In particular, they should use contract support office formats for required documents, when possible. When adapting to contract support office procedures is not possible, AIA contract management personnel should seek waivers or modification of the procedures from the contract support office or its MAJCOM. AIA contract management personnel should always seek to designate the chief of the source selection technical (Air Force FAR Supplement 5315.304(c) calls this Mission Capability) evaluation group. This position is not normally appropriate for the a quality assurance person unless they are the unit's most technically qualified person involved with the requirements; and, they have previous Air Force source selection experience. AIA contract management personnel should nominate a senior scientist, engineer, or a program manager, as appropriate, to be the technical evaluation chief. It is strongly recommended that the technical chief nominee meet the training requirements for APDP certification as a Level II Program Manager. The Source Selection Authority (SSA) will make the appointment.

3.3. Past Performance Evaluation. Essential to PBSC competitive source selections is good information on the past performance of the competing contractors. This past performance information (PPI) can also be valuable for placement of task orders on multiple award indefinite delivery contracts for A&AS services. DoD has made rating of past performance mandatory for most service contracts with a value that exceeds \$1 Million per year. Air Force has specified that PPI be recorded on the Air Force Materiel Command (AFMC) Contractor Performance Assessment Reporting System (CPARS) report forms. There may be host base procedures to facilitate the preparation and submission of CPARS reports; but, the responsibility to record the data belongs to the contract management personnel. The contracting officer can provide details as needed.

4. Quality Assurance of Service Contracts:

4.1. Government Quality Assurance Required. Quality assurance (QA), sometimes termed contract surveillance, is mandatory for service contracts according to FAR 37.6 and supplements, AFPD 64-1, and AFI 63-124. Quality assurance serves several purposes: it is part of the government's contract administration system; it assures that proper payments are made; and, it ensures that the government timely receives the quality of services for which it contracted. In a strict sense, surveillance is the systematic approach to performance observation that provides performance feedback to the government contract administrator and contractor, to ensure that the contractor achieves the desired results at the correct time.

4.2. Surveillance not Supervision. The government develops its quality assurance approach before it contracts for the services and includes the information in the solicitation. This tells the contractor how the government will do the surveillance before the contract task performance begins. Once performance begins the government does not interfere with the contractor's supervision of the people and processes used, but monitors the quality of the tasks performed. Quality problems found through surveillance are documented by contract quality assurance team personnel, and dealt with through the contract administration and contract payment processes, i.e., payments can be partially or completely withheld in the case of deficient performance. Only the contracting officer can make the decision to withhold payment.

4.3. Developing a QASP. A quality assurance surveillance plan to cover service contract tasks is mandatory. The surveillance plan is part of the requirements package (see attachment 5 for requirements package contents) that is sent to the contract support office to initiate the acquisition of services. Surveillance plans vary in techniques and complexity depending on the contract type and tasks that are performed.

4.3.1. For most service contracts, the QASP is prepared by the requiring activity (functional area quality assurance personnel) as part of the initial contract requirements package and covers all of the tasks to be performed during the contract life.

4.3.2. For Indefinite Delivery and Indefinite Quantity and other task order contracts, it is difficult to know, in advance, all of the tasks that will be performed during the contract life. These contracts require developing a surveillance plan for each task order when the basic contract surveillance plan is deemed to provide inadequate surveillance for any task. In this case the surveillance plan is part of the task order requirements package.

4.3.3. Each surveillance plan must specify the contractually required task outputs, how the government performs and documents the surveillance, and how the government knows that it is get-

ting task performance in the right quantity, the proper quality, and at the right time. These outputs are stated in a Service Delivery Summary (SDS) that is included in the SOW.

4.3.4. Documenting the results of the quality assurance activities is key to contract administration success. Documentation is prepared at the time of surveillance and records the positive and negative findings of the quality assurance personnel. The documentation is filed in the office specified in the surveillance plan. The documentation is also provided, or abstracted and reported, to the contracting office in the manner and times set forth in the surveillance plan. See attachment 2 for suggested filing of surveillance documentation.

4.3.5. Semi-annual quality assurance reports are due to Headquarters AIA Contracts Division (HQ AIA/LGC) from all AIA contract management units on each intelligence service contract; other service contracts can be included at the discretion of the contract management unit. See attachment 3 for content. Submit the reports on 15 January and 15 July of each year, covering the prior 6 months of contract performance.

4.4. Quality Assurance Team Members. The QA team for each contract includes the Contracting Officer (CO), Contract Administrator (CA), Functional Commander (FC) or Functional Director (FD), Quality Assurance Program Coordinator (QAPC), and the quality assurance evaluation and, or surveillance personnel. These last team members are usually one or more of the following: Functional Area Evaluator (FAE), Quality Assurance Evaluator (QAE), Quality Assurance Specialist (QAS), Quality Assurance Representative (QAR), Contracting Officer's Technical Representative (COTR), or Contracting Officer's Representative (COR). Refer to AFI 63-124 for considerations on quality assurance approaches needed for each contract or task order.

4.4.1. The FC or FD is the government official responsible for a functional office for which the services are provided. This is frequently the chief of the requiring activity, i.e., the senior end user of the contracted services. If the AIA unit uses a host base Business Requirements and Advisory Group (BRAG), the FC or FD is expected to contribute expertise and resources for its operation.

4.4.2. The CO is the only person with the authority to enter into contracts and contractually obligate the government. The training, appointment, and organizational placement of the CO are covered by the FAR and supplements. As part of the contract quality assurance team, the contracting officer identifies newly assigned FCs, FDs, FAEs, QAEs, QARs, CORs, and COTRs (the last four terms are interchangeable per Air Force FAR Supplement 5301.602-2) to the QAPC, who ensures that required quality assurance and related courses are completed prior to assuming quality assurance responsibilities.

4.4.3. The CA is the authorized representative of the contracting officer who is assigned the responsibility of administering a service contract for the government, which may include solicitation of proposals and negotiation of task orders.

4.4.4. The quality assurance personnel (QAE, QAR, QAS, COR or COTR) are the government representatives responsible for monitoring, evaluating, and reporting the contractor's performance on specific contract requirements. These personnel have at least general knowledge of the service tasks and have completed training prior to performing contract surveillance. They prepare the official surveillance reports that are used in contract administration.

4.4.5. Until the interchangeability of the various quality assurance personnel acronyms is in common use, it is valuable to know the former use of these terms. A QAS (not one of the interchangeable terms) is a full time quality specialist that works for a contract administration office (CAO).

QASs usually are technical specialists, having been certified in specific functional disciplines, and are assigned to work a portfolio of contracts and can report to a number of contracting officers. The other terms are not as well differentiated, but common Air Force use does show differences. QAEs work primarily base operations contracts for a single FC or FD. QARs are qualified technical or administrative assistants assigned to help the FAE, QAE, COR, or COTR in specific areas of contractor performance. QARs do not have overall quality assurance responsibilities and usually do not report directly to contracting officers. COTRs are usually given nearly full responsibility for interpreting and administering technical aspects of contracts. They work closely and directly with the contracting officers. CORs are similar to COTRs but are usually given responsibility for more than technical aspects. For example, a COR might be responsible for receiving, reviewing, and approving contractor invoices as well as reporting performance progress or resolving technical issues.

4.5. Training QA Personnel. The QAPC is the quality assurance coordinator for the Air Force contract support office (Contracting Squadron) and provides Phase I quality assurance training to FD or FC, FAE, QAE, QAS, QAR, COTR and COR personnel in accordance with AFI 63-124. Functional Directors or Functional Commanders shall ensure that they and their quality assurance personnel receive training in accordance with AFI 63-124 prior to commencement of their quality assurance duties.

4.6. Periodic Inspection of Contract Management. Accomplish periodic inspections of the AIA contract management functions through staff assistance visits (SAV) and AIA Inspector General (AIA/IG) visits. HQ AIA performs staff assistance visits to each AIA contract management activity at least every 3 years. AIA units having subordinate activities conduct contract management SAVs at least every 3 years and provide a copy of any reports to HQ AIA/LGC.

4.6.1. The AIA Inspector General checklist for contract management should be used during the visits and inspections. Contract management offices may make recommendations for changes to the checklist to HQ AIA/LGC.

4.6.2. HQ AIA/LGC will provide training, as determined necessary, based on the findings from the visits and inspections.

5. Appropriate Contract Types. The contracting officer, together with the requiring activity, determines the most appropriate contract type for contract and task acquisition.

5.1. Time and Materials or Labor Hour . Time and Material (T&M) or Labor Hour (LH) contracts provides for acquiring supplies and services on the basis of direct labor hours and specified fixed hourly rates that include wages, overhead, general and administrative expenses, profit, and materials (at cost to include material handling costs if appropriate). These types of contract are logically, and historically, not efficient. They provide no monetary incentive for the contractor to do the best work possible or to use the best people available.

5.1.1. HQ AIA/LGCK contracting officers submit a determination and finding to HQ AIA/LGC for approval before soliciting offers on T&M contracts.

5.2. Cost Plus Fixed Fee. Cost-Plus-Fixed-Fee (CPFF) contracts are cost reimbursement contracts that provide for payment to the contractor of a negotiated fee that is fixed at the beginning of the contract. This fixed-fee does not vary for any reason, whether performance is good or bad; but, it is adjusted if the scope of the contract work is changed. This type of contract provides some monetary

incentive for the contractor to be efficient. A cost ceiling is established to limit the amount the contractor can spend to produce the end results specified. If no end result is stated, the contract loses this incentive.

5.3. Cost Plus Award Fee. Cost-Plus-Award-Fee (CPAF) contracts are cost reimbursement contracts that provides for payment to the contractor of a fee consisting of a base amount (like a fixed-fee), fixed at the beginning of the contract; and an award amount which is based upon a judgmental evaluation by the government. The government chooses its evaluation criteria to provide a positive motivation for desired contractor behavior. This type of contract can be highly motivating to contractors if the award amount is substantial and the evaluation criteria are work aspects that the contractor can control or influence.

5.4. Fixed Price. Fixed-price (FP) types of contracts provide for a firm price, either for the entire contract or for various tasks or task elements. In some cases, an adjustable fixed-price may be included. This can involve a ceiling price, a target price (including target cost), or both that are subject to specific adjustments stated in the contract clauses; or, may involve using an independent economic index to adjust the prices. The contracting officer shall use firm-fixed-price (FFP) or firm-fixed-price with economic price adjustment (FFP-EPA) contracts when acquiring commercial items.

Fixed-price contracts have the greatest contractor monetary incentive possible since each extra dollar spent on inefficient performance is a dollar of lost profit. Fixed-price contracts can also create disincentives when the desired end results are not clear and the cost of performance has reduced profits.

5.5. Other FAR Permitted Contracts. These are not all of the FAR permitted contract types, and each contract support office is capable of mixing these types into a contract that is well suited to task requirements. This decision should be made after thorough discussions between the contract support office and the requiring activity.

5.6. Selecting The Contract Type. FAR 16.103(a) states that "Selecting the contract type is generally a matter for negotiation." It is probably referring to negotiations between the government and contractors; but, this statement is just as valid for negotiations between the requiring activity and the contracting officer. The amount of effort that goes into contract quality assurance and contract administration depends, in part, on using appropriate contract types. Sometimes the contracting office will have regulatory reasons for using, or not using, a particular type of contract. HQ AIA/LGC is available, upon request, to provide training to AIA activities on the appropriate selection of contract type. Coordinate this training with each contracting organization.

6. Contract Support Office:

6.1. Specifying Contract Support. Every AIA unit has one or more contract support offices (also called supporting contracting offices). For most units one of the offices belongs to the host base. Unless one party wants to limit support to base operations support (BOS) contracts, the tenant organization should negotiate the specific terms of contracting support in an Intra-Service Support Agreement (ISSA) with the host unit. Be aware that tenants often do not get the support they bargained for unless the terms are explicit—general language can favor the host unit by allowing them to allocate resources according to host base priorities. There is no standard language to describe the contract support any particular organization needs. Each unit should specify that its program management, technical, and contract management office personnel will provide the SOWs, QASPs, contract

surveillance, and Award Fee Board members (for Award-Fee contracts). Units may want to specify that the host base BRAG will (or will not—depending on how closely the host base mission relates to the unit's contract requirements) have responsibility for planning and supporting their service contract requirements. HQ AIA/LGC and Plans and Programs Division (HQ AIA/LGX) are available to advise AIA-supported units in ISSA negotiations.

6.2. AIA-established BRAGs. AFI 63-124 permits the establishment of multiple BRAGs on an installation. It is recommended that AIA units establish their own BRAGs whenever appropriate based on security and convenience rationale. This requires the concurrence of the host base Contracting Squadron Commander and, or the Chief of the Air Force Contracting Office. AIA-established BRAGs should follow AFI 63-124 for purpose and direction. They should include the contracting officer (and other contract support office personnel as needed). Include a legal advisor. When the host base personnel do not possess sufficient security clearances to make meaningful contributions, grant them appropriate clearances. BRAG membership, acquisition planning, and source selection are sufficient reasons to justify the need to know information about the contract requirements.

6.3. Other Contract Support Offices. The extent of host support is negotiable; but, the host can't provide what the contract support office doesn't have. AIA units may find that the host base contract support office does not have the experience, expertise, or processes that are needed. In the long term, it is preferable to establish those assets in one place--the host unit, but in the interim you may need to find other sources of contract support. HQ AIA/LGC will assist you in finding this support. Ensure that the ISSA does not prohibit using other contract support offices when needed. For example, you may believe that a cognizant Defense Contract Management Command CAO should provide the contract administration of a contract or task order. Only the contract support office that placed the contract can make an assignment of contract administration. AIA units are free to advocate such assignments when needed.

6.4. Building A Support Relationship. The relationship between the contract support office and the AIA unit can be harmonious and mutually beneficial if some basic principles are understood. The requiring activity should have some voice in how a contract is awarded. It controls the flow of tasks and money through the contract support office to the contractor, and it provides quality assurance and performance surveillance. However, the contract support office controls the contract, the contractor, and ultimately, the conformance of the work to the contract terms. By law, the contracting officer is responsible for the contract from award through completion, and this cannot be changed or negotiated away. Cooperation and teamwork are essential to successful service contract management.

6.5. Interpreting The Contract. Most contract provisions are subject to interpretation. For the government, it is the contracting officer's interpretation that is most important. The contracting officer's interpretation is influenced by experience, training, and judgment. As a result, some common contract management processes will vary a little between contracting officers. These processes include the documentation and justification required to request a formal contract modification; the extent, if any, that changes can be made without requiring a formal contract modification; the specific contract procedures for acceptance of contract performance and processing of contractor payments; and use of warranties. Other processes, such as processing protests and claims are highly regulated by the FAR and other regulations and will vary little between contracting offices. The contracting officer explains most of these processes during the Phase II quality assurance training. If in doubt, always ask the contracting officer how the specific processes work on each contract.

6.6. QA Records And Recordkeeping. The contract management process generates a lot of records, both paper and electronic. For the most part, these records are part of the official contract record. The contracting officer provides direction on the closeout and disposition of the contract quality assurance and contract management documentation. Contact the contracting officer for specific direction as needed.

7. Working in Proximity with Contractor Personnel:

7.1. Contractor Personnel Are Not Government Personnel. Contractor personnel are not just like government personnel. Working with contractor personnel in government office spaces creates situations where government personnel need to be vigilant in their awareness that these personnel do not have the same rights and access to information that government personnel have.

7.1.1. Contractor personnel have the need to know only the information that is essential for task performance. They do not need to know any information that is not needed for task performance. Government personnel should be aware at all times who is working with them and around them so as to maintain a professional working atmosphere and to protect the government by proper information and communication security measures.

7.1.2. This is especially true concerning the ideas, processes, personnel, financial data, and PPI of other contractors. This type of information is called proprietary information. A similar concern is the inadvertent casual release of source selection information. These types of information are protected by law from disclosure to unauthorized contractors and their personnel.

7.2. Contractor Responsibilities. Contractor personnel are effective team members and provide a valuable functionality within the government workplace. To get full value from our service contracts, we need to be straightforward about contractor responsibilities. Contractor personnel and government personnel need to understand the limits. There are three basic limits that have been mentioned above: First, contractors cannot perform inherently governmental functions; second, even if performing on a personal service contract, they are not government personnel and work is limited to the tasks stated in the contract documents; third, regardless of security rules and clearances, contractor personnel are restricted in the information they can be given.

8. Acceptance and Payment:

8.1. Paying the Contractor. Payment to the contractor for tasks performed is one of the government's obligations under a contract. The government expects the contractor to meet all contract requirements for quality, quantity, and timeliness. The contractor expects the government to meet its obligation to timely, accurate payment for supplies and services received.

8.2. Accepting Services. Acceptance and payment authorization are inherently governmental and an essential element in discharging the government's responsibility to make timely and accurate payment for contract services. It is the quality assurance personnel, whether they are called FAEs, QAEs, QASs, COTRs, CORs or some other term, that are in the best position to assess the adequacy of the contractor's task performance. Usually, the contracting officer relies on performance reports submitted from these personnel to allow him and, or her to authorize payment of the contractor's invoice. Sometimes, the quality assurance personnel need to sign and submit a form, or countersign the contractor's invoice to certify that the task performance is satisfactory. This makes the quality assurance person responsible for acceptance, not necessarily final acceptance, of the services. The detailed pro-

cedures can vary from contract to contract. The contracting officer provides specific procedures during Phase II quality assurance training and during the post award conference, if one is conducted.

8.3. False Payment Claims. Legally, a contractor's invoice is a claim--a contract claim. A false claim by the contractor violates federal statutes and can be a civil violation or criminal act. To ensure that invoices and payments are based upon the actual task performance of the contractor, surveillance monitoring of the contractor (including review of monthly reports, onsite visits, customer interviews, and other surveillance techniques) is performed by the quality assurance personnel. False claims start a process that can be treacherous for the contractor, the person certifying the invoice, and the contracting officer.

8.4. False Certification Of Receipt. False certification of contractor performance by government surveillance personnel is a failure to exercise due diligence, or could be a fraud if it results from a willful disregard of the facts. Either way, certifications made by surveillance personnel expressly imply that work is progressing according to the contract. Quality assurance personnel should make sure of the facts before they certify any invoice.

8.5. Timeliness of Services. Timeliness of services is an important element of contractor performance. If late delivery affects the value of the services to the government, the contracting office may determine to withhold some or all of the payments for the late services. This is a judgmental matter and quality assurance personnel should always contact the contracting office before processing a contractor invoice that includes payment for late services. Similarly, any delays in contract performance should be brought to the attention of the contracting officer.

9. Contract Deliverable Tracking System. Use of a contract deliverable tracking system is required for every AIA intelligence service contract. It contains the following minimum information: contract and, or order number; period of performance; points of contacts including the SOW point of contact, CO, CA, QAE, FC, or FD; identification of deliverables including schedule and current status; performance reports (copies and drafts); performance issues (status and date of CO or CA notice). An example is shown in attachment 4. It is unit option what formats and processes should be used. It is recommended that the tracking system be handled electronically (spreadsheet or database are recommended), and be self explanatory. Whatever format is used, the tracking system must be kept current so that all contract performance issues and points of contact are knowable at every point in time.

10. Service Contract Management Conference. HQ AIA/LGC will host an annual training conference for contract management offices to provide training seminars, discuss current changes, and to identify best practices for exchange among participants. AIA, AFIWC, JIOC, AIA-supported units and its subordinate units shall send the appropriate personnel to attend this conference.

CHARLES G. CRAWFORD, Colonel, USAF
Director of Logistics

Attachment 1**GLOSSARY OF REFERENCES, ABBREVIATIONS AND ACRONYMS, AND TERMS*****References***

Federal Acquisition Regulation (FAR) Part 37, *Service Contracting*

Federal Acquisition Regulation (FAR) Part 42, *Contract Administration and Audit Services*

Office of Federal Procurement Policy Letter 91-2, *Service Contracting*

Office of Federal Procurement Policy Letter 92-1, *Inherently Governmental Functions*

Office of Federal Procurement Policy Letter 93-1, *Management Oversight of Service Contracting*

Department of Defense Handbook MIL-HDBK-245D, *Handbook for Preparation of Statement of Work (SOW)*

Department of Defense Directive 4205.2, *Acquiring and Managing Advisory and Assistance Services (A&AS)*

Corps of Engineers Instruction (CENI) 64-101, *Acquisition Requirement Review Checklist*

Defense Acquisition Deskbook, available at <http://www.deskbook.osd.mil/>

AFPD 64-1, *The Contracting System*

AFMAN 37-139, *Records Disposition Schedule*

AFI 63-501, *Air Force Acquisition Quality Program*

Abbreviations and Acronyms

A&AS—Advisory and Assistance Services

AFI—Air Force Instruction

AFIWC—Air Force Information Warfare Center

AFMAN—Air Force Manual

AFPD—Air Force Policy Directive

AIA—Air Intelligence Agency

AIAI—Air Intelligence Agency Instruction

APDP—Acquisition Professional Development Program

ASP—Acquisition Strategy Panel

BOS—Base Operational Support

BRAG—Business Requirements and Advisory Group

CA—Contract Administrator

CO—Contracting Officer

COR—Contracting Officer's Representative

COTR—Contracting Officer’s Technical Representative

CPARS—Contractor Performance Assessment Reporting System

DDD—Determination/Decision Document

DoD—Department of Defense

DODD—Department of Defense Directive

FC—Functional Commander

FD—Functional Director

FAE—Functional Area Evaluator

FAR—Federal Acquisition Regulation

IG—Inspector General

ISSA—Intra-Service Support Agreement

JIOC—Joint Information Operations Center

MAJCOM—Major Command (Air Force)

OMB—Office of Management and Budget

PBSC—Performance Based Service Contracting

PPI—Past Performance Information

QAE—Quality Assurance Evaluator

QAPC—Quality Assurance Program Coordinator

QAR—Quality Assurance Representative

QAS—Quality Assurance Specialist

QASP—Quality Assurance Surveillance Plan

SDS—Service Delivery Summary

SOO—Statement of Objectives

SOW—Statement of Work

SSA—Source Selection Authority

Terms

Contract Administrator—A contract administrator is an individual assigned to assist the Contracting Officer in the placement, negotiation, administration, or close out of a contractual action.

Contracting Officer—As used in this instruction, contracting officer means a person with the authority to enter into, administer, and, or terminate contracts and make related determinations and findings.

Functional Commander or Functional Director—The functional commander or functional director is the government official responsible for a functional office for which the services are provided. This is frequently the chief of the requiring activity, i.e., the senior end user of the contracted services.

Quality Assurance Personnel—Quality assurance personnel are those persons assigned by the contracting officer to monitor contractor performance. This may include surveillance, scheduling, record keeping, and acceptance of contractor performance.

Quality Assurance Program Coordinator—The individual appointed pursuant to AFI 63-124, paragraph 1.2.6, responsible to coordinate the base's quality assurance program and to conduct and monitor training of quality assurance personnel.

Attachment 2**CONTRACT MANAGEMENT FILE CONTENTS**

A2.1. Contracts. For contracts, the management files will contain:

- A2.1.1. Copy of contract.
- A2.1.2. All contract level modifications.
- A2.1.3. Contract level SOW.
- A2.1.4. FD or FC QAE, COR, and COTR appointment letters.
- A2.1.5. CO letter of designation or delegation to QAE, COR, and COTR.
- A2.1.6. QAE, COR, and COTR training documentation.
- A2.1.7. Quality Assurance Surveillance Plan--contract level.
- A2.1.8. Log of surveillance activities, including reports to CO or CA.
- A2.1.9. Documentation of surveillance findings and reporting.
- A2.1.10. Deliverable tracking system.
- A2.1.11. Copies of QAE, COR, and COTR correspondence with the contractor.
- A2.1.12. Names of technical and administrative personnel assisting the QAE and any other information pertaining to the contract.

NOTE:

Items A2.1.1 through A2.1.7 should be contained together in a single readily available folder.

A2.2. Task Orders. For task orders, the management files will contain the:

- A2.2.1. Task order with a copy of the delivery order level SOW.
- A2.2.2. Any task order modifications.
- A2.2.3. Quality Assurance Surveillance Plan--task order level.
- A2.2.4. Log of surveillance activities.
- A2.2.5. Copies of contractor invoices.
- A2.2.6. Payment history including: date of invoice, date of invoice certification for payment or receiving report, date of payment, amount invoiced, amount certified, amount paid, explanation of any payment hold backs or disallowances, cumulative amount invoiced and cumulative amount paid.
- A2.2.7. Copies of QAE correspondence on the task order between the QAE and contractor.
- A2.2.8. Names of technical and administrative personnel assisting the QAE on this task order.
- A2.2.9. Contractor status reports and any other information pertaining to this task order.

Attachment 3**SEMI-ANNUAL QUALITY ASSURANCE REPORTS**

A3.1. Purpose. Follow these rules to satisfy the requirement in paragraph 4.3.5 of the instruction to submit semi-annual quality assurance reports.

A3.2. Quality Assurance Reports. Quality assurance reports are due at HQ AIA/LGC each 15 Jan and 15 Jul of each year.

A3.3. Report Content. The reports will include:

A3.3.1. The number of active intelligence service contracts on which surveillance is performed.

A3.3.2. A summary of the surveillance record for each intelligence service contract, by contract, including:

A3.3.2.1. The identities of quality assurance personnel and the training status of each.

A3.3.2.2. The methods and frequencies of surveillance performed on each contract.

A3.3.2.3. For multiple task order contracts, whether contract level, task order level, or both, QASPs are used.

A3.3.2.4. Any performance problems where contracting officer resolution was or will be required.

A3.4. Rating of Past Performance. Describe the procedures used to rate and report performance on service contracts or task orders over \$1 Million as required by FAR 42.1500 (DoD Deviation, DAR Tracking No 99-O0002).

A3.5. Elevating Problems. State any continuing performance problems needing HQ AIA assistance for resolution.

Attachment 4

CONTRACT DELIVERABLE TRACKING SYSTEM

A4.1. Purpose. This example is suitable for use by contract management personnel to comply with paragraph 9 of the instruction.

Table A4.1. Example of

Monthly check	CDRL F41621-99-X-XXXX	CO=Jane Doe	CA=John Dow
CDRL	DUE DATE	STATUS	COMMENTS
A0001-C	10 days ARO	Delivered	POP=1 May 99-30 Apr 00
A0001-G	15 days after receipt of re- port	Pending	
A0002-C	By 10th of the month	Overdue*1	

-C=Contractor CDRL responsibility

-G=Government CDRL responsibility

*1-Contractor was contacted and reports were sent to the wrong address. Contractor is re-sending to the

Correct address.

POP: Period of Performance, i.e., the starting and ending dates of the time allowed for performance of the services.

ARO: After receipt of order. Some POPs are stated as a period of time (e.g., 90 days) after the contractor receives the order

Attachment 5**REQUIREMENTS PACKAGE CONTENTS**

A5.1. Purpose. At a minimum, the following will be included in AIA requirements packages that are submitted to contract support offices for placement of contracts or orders under contracts:

A5.2. Purchase Request and Purchase Description. Include:

A5.2.1. CLIN descriptions.

A5.2.2. Desired contract types.

A5.3. Statement of Work (or SOO). Use a standard format (MIL-HDBK-245D preferred):

A5.3.1. Include a Service Delivery Summary, per AFI 63-124.

A5.3.2. All desired outcomes are stated in PBSC language.

A5.3.3. SOW or SOO is dated and version controlled.

A5.4. Data Items and CDRLs. All CDRL items completed to show entries for block 7 and blocks 10 through 15 (for Indefinite Delivery basic contracts, the blocks that will change with each task order should be completed, See Task Order.)

A5.5. Quality Assurance Surveillance Plan.

A5.6. A&AS DDD. Properly complete, sign, and approve.

A5.7. Program Designations and Clearances:

A5.7.1. QAE designation by FD or FC (with summary of prior experience).

A5.7.2. CSRDs (if for Information Technology).

A5.7.3. DP or DPC approvals (if personal service).

A5.7.4. J&A approval (if competition is limited).

A5.8. DD 254 and Attachments.

A5.9. Independent Government Estimate.

A5.10. Basis for evaluation of offers (if competitive).

A5.11. Identification of contract management personnel:

A5.11.1. FD or FC, FAE, QAE, QAR, COR, COTR with dates of Phase I training completion.

A5.11.2. SOW or SOO point of contact.

A5.11.3. Project Manager.